

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2003-17-C - ORDER NO. 2003-388

JUNE 12, 2003

IN RE: Application of Entrix Telecom, Inc. for a)
Certificate of Public Convenience and)
Necessity to Operate as a Reseller of)
Interexchange Telecommunications Services.) ORDER GRANTING
MOTION FOR
EXPEDITED REVIEW
AND CERTIFICATE

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of Entrix Telecom, Inc. (Entrix or the Company) requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of interexchange telecommunications services within the State of South Carolina. Subsequent to the filing of the Application, Entrix, by way of a Motion for Expedited Review, from the Company's counsel, requested that the matter be scheduled for final disposition by the Commission at its earliest opportunity, rather than on a scheduled hearing date.

Entrix is a corporation organized under the laws of the State of Delaware and is authorized to transact business within the State of South Carolina by the Secretary of State. Entrix's headquarters are located in Newark, New Jersey.

The Commission's Executive Director instructed Entrix to publish a prepared Notice of Filing in newspapers of general circulation in the areas affected by the Application. The purpose of the Notice of Filing was to provide notice of the Application to any interested parties and to advise interested parties of the manner and time in which

to file pleadings to participate in the docket. Entrix filed Affidavits of Publication as proof that it had complied with the instructions of the Executive Director. No Petitions to Intervene, letters of protest, or comments were received by the Commission with regard to the instant Application.

MOTION FOR EXPEDITED REVIEW

Subsequent to notice of the Application being published and after the return date expired with no intervention or opposition, Entrix requested expedited review and waiver of a hearing in the matter. Entrix also filed the verified testimony of Carl Wolf Billek, Associate General Counsel in charge of Legal and Regulatory Affairs, to support the Application. The matter was brought to the Commission for consideration.

Upon consideration of Entrix's request for expedited review (waiver of hearing), the Commission finds that expedited review should be granted. In its request, Entrix waived its right to a formal hearing. The Commission finds that notice of the Application was properly afforded to the public and that no interested person sought to become a party to the proceeding. The Commission finds that procedural due process was afforded in this matter and further finds that Entrix made a knowing waiver of a formal hearing. Therefore, the Commission will consider the Application in the context of its regularly scheduled weekly meeting, with court reporter present, and for purposes of the expedited review, the Commission will deem the examination of the Application and verified testimony during the course of the Commission's regularly scheduled meeting with court reporter present as a hearing on this matter.

According to the Application and the verified testimony of Carl Wolf Billek, Entrix is a Delaware corporation that has received authorization to transact business within the State of South Carolina. As Associate General Counsel, Mr. Billek is in charge of Legal and Regulatory Affairs and he handles a variety of legal issues. Additionally, Mr. Billek has the following job responsibilities: handling tariffs, applications and filings to Public Service Commissions; monitoring regulatory activities in a variety of states and on the federal level; and preparing or aiding in the preparation of applications in a variety of states. Entrix seeks authority to operate as a reseller of intraLATA and interLATA intrastate telecommunications services to the public on a statewide basis. The Company seeks authority to offer on a resale basis within South Carolina intrastate, interLATA and, to the extent authorized by the Commission, intraLATA direct-dialed services including (1+) service, flat rate service, 800 inbound service, travel cards, and prepaid calling cards.

According to the testimony, Entrix is a privately-held corporation. Presently 100% of the Company's stock is owned by IDT Domestic Telecom, Inc. (IDTDT). IDTDT, in turn, is owned by IDT Telecom, Inc. (IDTT). IDTT is wholly owned by IDT Corporation, a publicly held corporation. IDT Corporation, through its subsidiaries, has been providing telecommunications services for approximately thirteen years.

The record reveals that Entrix is a sister corporation of IDT America Corporation. Entrix, to provide its services in South Carolina, intends to rely solely on the financial, managerial, and technical expertise of its parent corporation, IDT Corporation (a NYSE company), which is the same financial, managerial, and technical

information relied on by IDT America Corp. Entrix states that the Commission has already reviewed, considered, and approved this information in connection with granting IDT America's interexchange Certificate of Public Convenience and Necessity.

Entrix proposes to offer resold long distance services in the State of South Carolina. The Company does not intend to provide operator services nor does Entrix intend to provide 900 or 700 number services. Additionally, Entrix does not own any transmission facilities in South Carolina. Entrix will resell long distance service by using the facilities of other carriers. Entrix intends to offer prepaid calling card service. The Company's customers will be "billed" as their Entrix prepaid calling cards are decremented per use. Furthermore, customers who have concerns about their bills or complaints about Entrix may contact Entrix by writing to the Company's business address or calling customer service representatives twenty-four hours a day, seven days a week at 1-800-889-9126.

Mr. Billek described the Company's technical and managerial qualifications to provide telecommunications services in South Carolina. The testimony reveals that Entrix's management team is composed of individuals who have significant experience in business generally and telecommunications specifically. Mr. Morris Lichtenstein has been the President of Entrix since its inception. Mr. Lichtenstein continues to serve as the Executive Vice President of Business Development of IDT Corporation, as he has since January 2000. From January 1999 to December 1999, Mr. Lichtenstein served as Controller for IDT Corporation. Since August 2001, Mr. Lichtenstein has also served as the Vice Chairman and Board of Directors and Chief Executive Officer of IDT Telecom,

Inc. From January 1998 to December 1999, Mr. Lichtenstein served as the Controller of Mademoiselle Knitwear, Inc. Mr. Norman Rosenberg is the Secretary of the Company. Mr. Rosenberg has been the Secretary of Entrix since its inception. In addition to being the Company's Secretary, Mr. Rosenberg is also the Chief Financial Officer of IDT Corporation's wholly-owned subsidiary, IDT Telecom, Inc. After joining IDT in October 1999, Mr. Rosenberg has served in a variety of roles, including Senior Vice President of Capital Markets, Vice President of Finance and Director of Investor Relations. Mr. Billek has a Law Degree from New York Law School; he was employed by the New Jersey Division of the Ratepayer Advocate for over three years and has worked for Entrix since its inception and for its parent corporation, IDT Corporation, for two and one-half years, as an Associate General Counsel in charge of Legal and Regulatory Affairs.

Regarding the Company's financial resources to provide telecommunications services in South Carolina, Mr. Billek testified that Entrix has the financial resources to provide the proposed services in South Carolina. As a reseller, according to Mr. Billek, Entrix will not incur the costs of providing facility-based services to serve the South Carolina market. Entrix relies on the financials of its parent corporation, IDT Corporation, which is listed among the Fortune 1000 companies.

Entrix also requests a waiver of 26 S.C. Code Ann. Regs. 103-610, which requires books and records to be kept in the State of South Carolina. The Company desires to keep its books and records at its principal place of business. The principal business address, according to the testimony, is in New Jersey. The Company also requests

permission to maintain its books and records according to Generally Accepted Accounting Principles (GAAP), instead of the Uniform System of Accounts.

Mr. Billek concluded by testifying that Entrix's obtaining a Certificate from this Commission will allow the Company to provide economical, efficient, and high quality local and long distance telephone service, using existing facilities.

Upon review and consideration of the Application, the verified testimony of Mr. Billek, and the applicable law, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Entrix is organized as a limited liability company under the laws of the State of Delaware and has been authorized by the Secretary of State to transact business within the State of South Carolina.
2. Entrix is a provider of long distance telecommunications services and wishes to provide long distance services in South Carolina.
3. Entrix has the experience, capability, and financial resources to provide the services as described in its Application.
4. The Commission finds that Entrix should be granted a waiver of 26 S.C. Code Regs. 103-610 requiring that reports and records be maintained within the State of South Carolina.
5. The Commission finds it appropriate for Entrix's interexchange telecommunications services to be regulated in accordance with procedures established in Order Numbers 95-1734 and 96-55 in Docket Number 95-661-C.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Entrix to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for Entrix for its resale of interexchange services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. Entrix shall not adjust its interexchange rates below the approved maximum level without notice to the Commission and to the public. Entrix shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16,

1993). Any proposed increase in the maximum rate level for interexchange services reflected in the tariff, which would be applicable to the general body of the Company's subscribers, shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provision of S.C. Code Ann. §58-9-540 (Supp. 2002).

4. If it has not already done so by the date of issuance of this Order, Entrix shall file its revised tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations. Further, Entrix shall file a copy of its Bill Form as required by 26 S.C. Code Ann. Regs. 103-612.2.2 and 103-622.1 (1976) with its final Tariff.

5. Entrix is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

6. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

7. Entrix shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Entrix changes underlying carriers, it shall notify the Commission in writing.

8. Entrix shall file annual financial information in the form of annual reports and gross receipts reports as required by the Commission. The annual report and the

gross receipt report will necessitate the filing of intrastate information. Therefore, Entrix shall keep financial records on an intrastate basis for South Carolina to comply with the annual report and gross receipts filings. The proper form for filing annual financial information can be found at the Commission's website at www.psc.state.sc.us/forms. The title of this form is "Annual Information on South Carolina Operations for Interexchange Companies and AOS." This form shall be utilized by the Company to file annual financial information with the Commission. Commission gross receipts forms are due to be filed with the Commission no later than August 31st of each year.

9. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours.

Entrix shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The "Authorized Utility Representative Information" form can be found at the Commission's website at www.psc.state.sc.us/forms; this form shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

10. With regard to the origination and termination of toll calls within the same LATA, Entrix shall comply with the terms of Order No. 93-462, Order Approving

Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dialing parity rules established by the Federal Communications Commission pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209). Specifically, the Company shall comply with the imputation standard as adopted by Order No. 93-462 and more fully described in paragraph 4 of the Stipulation and Appendix B approved by order No. 93-462.

11. Each telecommunications company certified in South Carolina is required to file annually the Intrastate State Universal Service Fund (USF) worksheet. This worksheet provides the Commission Staff information required to determine each telecommunications company's liability to the State USF fund. The Intrastate USF worksheet is due to be filed annually no later than August 15th.

12. We grant Entrix's request for a waiver of 26 S.C. Code Ann. Regs. 103-610, which requires books and records to be kept in South Carolina. The Company desires to keep its books and records at its principal place of business in New Jersey. We also find that it would be unusually difficult for the Company to maintain its books and records in South Carolina as the Company's principal place of business is located in New Jersey. Further, we find that it is in the public interest that Entrix be allowed to maintain its books and records at its principal place of business. These books and records must be made available to the Commission at its request. We also grant the Company's request to use GAAP to maintain its books and records. The Company is directed to comply with

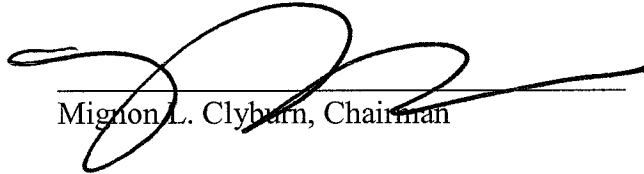
all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

13. As a condition of offering prepaid long distance services, the Commission requires the Company to post with the Commission a bond in the form of a Certificate of Deposit worth \$5,000 drawn in the name of the Public Service Commission of South Carolina or a surety bond in the amount of \$5,000 which is payable to the Commission. The Certificate of Deposit shall be drawn on federal or state chartered banks or savings and loan associations which maintain an office in this state and whose accounts are insured by either the FDIC or the Federal Savings and Loan Insurance Corporation. A surety bond shall be issued by a duly licensed bonding or insurance company authorized to do business in South Carolina. This condition may be reviewed in one year.

14. If the Company sells its debit cards to retail establishments for resale of the debit cards, and the retailer of the debit cards deviates from the suggested retail price as filed in the tariff, or as approved by the Commission in a special promotion, then the Company will withdraw its cards from that retail outlet. This Commission strongly suggests that the Company enter into written agreements with its South Carolina retail outlets regarding this policy of abiding by suggested retail pricing prior to the outlet marketing the card.

15. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Mignon L. Clyburn, Chairman

ATTEST:



Gary E. Walsh, Executive Director

(SEAL)